

Multiple Agency Fiscal Note Summary

Bill Number: 1197 HB	Title: Workers' comp. providers
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Estimated Cash Receipts

NONE

Agency Name	2023-25		2025-27		2027-29	
	GF- State	Total	GF- State	Total	GF- State	Total
Local Gov. Courts	No fiscal impact					
Loc School dist-SPI						
Local Gov. Other						
Local Gov. Total						

Estimated Operating Expenditures

Agency Name	2023-25				2025-27				2027-29			
	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total
Administrative Office of the Courts	.0	0	0	0	.0	0	0	0	.0	0	0	0
Board of Industrial Insurance Appeals	.0	0	0	0	.0	0	0	0	.0	0	0	0
Department of Labor and Industries	1.3	0	0	528,000	1.1	0	0	902,000	.0	0	0	0
Total \$	1.3	0	0	528,000	1.1	0	0	902,000	0.0	0	0	0

Agency Name	2023-25			2025-27			2027-29		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Local Gov. Courts	No fiscal impact								
Loc School dist-SPI									
Local Gov. Other									
Local Gov. Total									

Estimated Capital Budget Expenditures

Agency Name	2023-25			2025-27			2027-29		
	FTEs	Bonds	Total	FTEs	Bonds	Total	FTEs	Bonds	Total
Administrative Office of the Courts	.0	0	0	.0	0	0	.0	0	0
Board of Industrial Insurance Appeals	.0	0	0	.0	0	0	.0	0	0
Department of Labor and Industries	.0	0	0	.0	0	0	.0	0	0
Total \$	0.0	0	0	0.0	0	0	0.0	0	0

Agency Name	2023-25			2025-27			2027-29		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Local Gov. Courts	No fiscal impact								
Loc School dist-SPI									
Local Gov. Other									
Local Gov. Total									

Estimated Capital Budget Breakout

NONE

Prepared by: Anna Minor, OFM	Phone: (360) 790-2951	Date Published: Final
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Judicial Impact Fiscal Note

Bill Number: 1197 HB	Title: Workers' comp. providers	Agency: 055-Administrative Office of the Courts
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Expenditures from:

NONE

Estimated Capital Budget Impact:

NONE

The revenue and expenditure estimates on this page represent the most likely fiscal impact. Responsibility for expenditures may be subject to the provisions of RCW 43.135.060.

Check applicable boxes and follow corresponding instructions:

- If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note for Parts I-V.
- If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- Capital budget impact, complete Part IV.

Legislative Contact: Trudes Tango	Phone: 360-786-7384	Date: 01/12/2023
Agency Preparation: Angie Wirkkala	Phone: 360-704-5528	Date: 01/16/2023
Agency Approval: Chris Stanley	Phone: 360-357-2406	Date: 01/16/2023
OFM Review: Steven Puvogel	Phone: (360) 701-6459	Date: 01/18/2023

178,402.00

Request # 033-1

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact on the Courts

The bill defines an attending provider and adds providers, other than just physicians, to a list of professions workers receive treatment from in worker compensation claims.

II. B - Cash Receipts Impact

II. C - Expenditures

No fiscal impact is expected to the Administrative Office of the Courts or the courts.

Part III: Expenditure Detail

III. A - Expenditure By Object or Purpose (State)

NONE

III. B - Expenditure By Object or Purpose (County)

NONE

III. C - Expenditure By Object or Purpose (City)

NONE

III. D - FTE Detail

NONE

III. E - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B1 - Expenditures by Object Or Purpose (State)

NONE

IV. B2 - Expenditures by Object Or Purpose (County)

NONE

IV. B3 - Expenditures by Object Or Purpose (City)

NONE

IV. C - Capital Budget Breakout

Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.

NONE

178,402.00

Form FN (Rev 1/00)

Individual State Agency Fiscal Note

Bill Number: 1197 HB	Title: Workers' comp. providers	Agency: 190-Board of Industrial Insurance Appeals
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

NONE

Estimated Capital Budget Impact:

NONE

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

- If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

Legislative Contact: Trudes Tango	Phone: 360-786-7384	Date: 01/12/2023
Agency Preparation: William Chase	Phone: 360-753-2790	Date: 01/18/2023
Agency Approval: Bob Liston	Phone: 360-753-6823	Date: 01/18/2023
OFM Review: Anna Minor	Phone: (360) 790-2951	Date: 01/18/2023

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.

This bill would allow psychologists to act as the attending provider for claims of workers who suffer only from a work-related mental health condition. It updates the definition for which medical providers may be the attending provider on a workers' compensation claim and other housekeeping changes, primarily to add "osteopathic physician, podiatric physician, optometrist, dentist, chiropractor, naturopath, and physician assistant" to certain sections as these are currently allowed attending provider types.

This will not create new workload for the Board of Industrial Insurance Appeals, therefore there is no fiscal impact.

II. B - Cash receipts Impact

Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.

II. C - Expenditures

Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

NONE

III. B - Expenditures by Object Or Purpose

NONE

III. C - Operating FTE Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.*

NONE

III. D - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.

NONE

IV. D - Capital FTE Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part IVB.*

NONE

Part V: New Rule Making Required

Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.

Individual State Agency Fiscal Note

Bill Number: 1197 HB	Title: Workers' comp. providers	Agency: 235-Department of Labor and Industries
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	0.0	2.6	1.3	1.1	0.0
Account					
Accident Account-State 608-1	0	250,000	250,000	445,000	0
Medical Aid Account-State 609-1	0	278,000	278,000	457,000	0
Total \$	0	528,000	528,000	902,000	0

Estimated Capital Budget Impact:

NONE

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

- If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

Legislative Contact: Trudes Tango	Phone: 360-786-7384	Date: 01/12/2023
Agency Preparation: Donald Jenson Jr	Phone: 360-902-6981	Date: 01/13/2023
Agency Approval: Trent Howard	Phone: 360-902-6698	Date: 01/13/2023
OFM Review: Anna Minor	Phone: (360) 790-2951	Date: 01/13/2023

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.

See attached.

II. B - Cash receipts Impact

Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.

See attached.

II. C - Expenditures

Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.

See attached.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
608-1	Accident Account	State	0	250,000	250,000	445,000	0
609-1	Medical Aid Account	State	0	278,000	278,000	457,000	0
Total \$			0	528,000	528,000	902,000	0

III. B - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years		2.6	1.3	1.1	
A-Salaries and Wages		233,000	233,000	206,000	
B-Employee Benefits		78,000	78,000	70,000	
C-Professional Service Contracts				600,000	
E-Goods and Other Services		156,000	156,000	25,000	
G-Travel		1,000	1,000	1,000	
J-Capital Outlays		60,000	60,000		
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total \$	0	528,000	528,000	902,000	0

III. C - Operating FTE Detail: *List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part I and Part IIIA*

Job Classification	Salary	FY 2024	FY 2025	2023-25	2025-27	2027-29
Communications Consultant 5	87,144		0.5	0.3		
Fiscal Analyst 5	71,520		0.2	0.1	0.1	
IT Business Analyst - Journey	100,032		0.5	0.3	0.3	
Medical Program Assistant	48,156		0.1	0.1	0.1	
WMS Band 2 - Project Manager	104,887		1.0	0.5	0.5	
Workers' Compensation Adjudicator 4	71,520		0.3	0.1	0.3	
Total FTEs			2.6	1.3	1.1	0.0

III. D - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.

NONE

IV. D - Capital FTE Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part IVB.*

NONE

Part V: New Rule Making Required

Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.

See attached.

Part II: Explanation

This bill would allow psychologists to act as the attending provider for claims of workers who suffer only from a work-related mental health condition. It updates the definition for which medical providers may be the attending provider on a workers' compensation claim and other housekeeping changes, primarily to add "podiatrist, optometrist, dentist, chiropractor, naturopath, and physician assistant" to certain sections as these are currently allowed attending provider types.

This bill is effective July 1, 2025 and applies retroactively.

II. A – Brief Description of What the Measure Does that Has Fiscal Impact

Section 1 amends RCW 51.04.050 regarding providers' testimony, striking reference to "physician or licensed advanced registered nurse practitioner (ARNP)" and adding the term "health services provider" who may be required to testify at hearings regarding their examination or treatment of injured workers.

Section 2 adds a new section to Chapter 51.08 RCW defining the term "attending provider" to mean a person who is a member of the medical provider network established under RCW 51.36.010, is treating injured workers within the person's scope of practice, and licensed under Title 18 RCW in one of the following professions. Providers include: physicians, osteopathy, chiropractic, naturopathy, podiatric medicine and surgery, dentistry, optometry, psychology in the case of claims solely for mental health conditions, and licensed ARNP, each as defined in Chapter 18 RCW.

Section 3 amends RCW 51.28.010:

- Under subsection (1) it is the responsibility of the worker or someone on their behalf to notify their employer, and of the employer to notify the department, when the worker has received treatment from a physician or licensed ARNP. New language is added to include chiropractor, naturopath, podiatrist, optometrist, dentist, licensed ARNP, physician assistant, or psychologist in claims solely for mental health conditions.

- Under subsection (2) the department must notify workers of their rights to receive health services. New language is added to clarify the worker's choice is for a provider under RCW 51.36.010(2)(a) in the medical provider network.

Section 4 amends RCW 51.28.020:

- Subsections (1)(a) and (1)(b) are modified by adding podiatrist, optometrist, dentist, chiropractor, naturopath, physician assistant, and psychologist in claims solely for mental health conditions to the list of providers who can file a claim for an injured worker. An application form developed by the department specifies the worker's right to receive health services. Language is amended striking reference to physician or licensed ARNP, changing it to "provider" of the worker's choice under RCW 51.36.010(2)(a) and striking "including chiropractic services under RCW 51.36.015."
- Subsection (2) has been reformatted, adding a new subsection (3) to simplify instructions concerning transmittal and sending copies of a claim to the department and employer.

Section 5 amends RCW 51.28.030 by striking reference to "physician or licensed ARNP" and replacing it with attending "provider" who may aid beneficiaries in application for compensation in the event of a worker's work-related death.

Section 6 amends RCW 51.32.055(9)(b) pertaining to medical reports and conditions under which a self-insured employer may close a claim with award for permanent partial disability (PPD). Language is amended as follows:

- The phrase "physician or licensed ARNP submits a" is struck and replaced with "medical report submitted" to the self-insurer.
- The phrase "or treating physician or licensed ARNP" is struck and substituted with attending "provider".

Section 7 amends RCW 51.32.090:

- Under subsection (4)(b) pertaining to who may release a worker to perform modified or light-duty work offered by the employer. The phrase "physician or licensed ARNP" is struck and replaced with "attending provider".

- Under subsection (4)(h) referring to conditions required for employer wage subsidies is also amended. The phrase “physician or licensed ARNP” is struck and replaced with “attending provider”.

Section 8 amends RCW 51.32.095(6) regarding criteria for approval of certain job accommodations associated with vocational services. The phrase “physician or licensed ARNP” is struck and replaced with attending “provider”.

Section 9 amends RCW 51.36.010(2)(a) to include chiropractor, naturopath, podiatrist, optometrist, dentist, physician assistant, and psychologist in claims solely for mental health conditions to the list of providers who can provide proper and necessary medical care to injured workers.

Section 10 amends RCW 51.36.022:

- Subsection (3) contains a housekeeping change, revising “catastrophically disabled individuals” to “individuals with catastrophic disabilities”.
- Subsection (4)(b) strikes text of “health services” when referring to the attending provider.

Section 11 amends RCW 51.36.060. The phrase “Physicians or licensed ARNPs examining or attending injured workers” is struck and replaced with “Attending providers”.

Section 12 amends RCW 51.36.070 concerning rendering a copy of a medical examination report. Subsection (1)(a) replaces the word attending “physician” with attending “provider”.

Section 13 stipulates sections 1 through 12 of this act take effect July 1, 2025 and applies retroactively.

II. B – Cash Receipt Impact

Non-Appropriated State Fund Premiums

As an insurance entity, L&I premium rates are intended to match premiums to claims cost projections. Therefore, for this fiscal analysis it is assumed that any incremental costs or savings will equal the incremental revenue collected.

Non-Appropriated Premium Impact to Employers

Individual changes to the Accident and Medical Aid fund do not change rate assumptions by themselves. Cost increases are only one of many components in determining rates. The high-level strategy that is used to determine if a rate change is necessary is as follows:

- Review of liabilities, or costs of the Workers' Comp System.
- Investment earnings.
- Adequate revenue (premiums + investments) based on projected costs (actuarial estimates) will determine need for a premium change.

Non-Appropriated Self-Insured Employers

If an employer chooses to be self-insured, they are responsible to pay for overall claim costs and a portion of administration costs of L&I's Self-Insurance Program and other costs of related support functions. The administrative assessment is an amount per dollar of claim benefit costs. If benefit costs are increased due to the change in in this bill, self-insured employers would be assessed by L&I for their appropriate portion of administrative costs based on the increase. Incremental costs or savings will equal the incremental revenue collected from assessments.

II. C – Expenditures

Non-Appropriated – State Fund Benefits Costs

There is no clear evidence that implementation of this bill would increase the expenditure beyond what was originally estimated for Substitute Senate Bill 6214 (2018). Therefore, any new non-appropriated impact to the Accident Account (fund 608) or Medical Aid Account (fund 609) is undetermined.

Appropriated - Operating Costs

This proposed bill increases expenditures to the Accident Account, fund 608, and the Medical Aid Account, fund 609. The following assumptions were used to estimate the resources requested to implement this bill.

Staffing

- 1.0 FTE, WMS2 Project Manager, temporary, for the period of July 1, 2024 through June 30, 2026. Duties include: managing the implementation; assisting with changes in processes, procedures, and tasks; rulemaking; updating publications; assisting with information technology service requests, and implementation of training for provider credentialing staff and workers' compensation adjudicators; and providing consultation and technical assistance to leadership in support of the external work group.
- 0.5 FTE, IT Business Analyst – Journey, temporary, for the period of July 1, 2024 through June 30, 2026. Duties include: gathering business and information technology requirements; redesigning business processes; monitoring policy and WAC changes; and coordinating with communications.
- 0.5 FTE, Communications Consultant 5, temporary, for the period of July 1, 2024 through June 30, 2025. Duties include: communicating changes with both internal and external customers; updating affected brochures and pamphlets; and supporting program leadership and working in close collaboration with the project teams.
- 0.5 FTE, Medical Program Assistant, temporary, for the period of April 1, 2025 through September 30, 2025. Duties include: processing psychologist provider applications to join the medical provider network. This includes credentialing and background checks. It is estimated there will be an increased workload of 110 new applications.
- 0.5 FTE, Workers' Compensation Adjudicator 4 (state fund claims trainer), temporary, for the period of April 1, 2025 through December 31, 2025. Duties include: creating and updating training materials for Claims Administration, Field, and Legal Services staff so they can understand and correctly apply the new laws. This position will deliver training to over 250 claim managers, 30 claim consultants, and an additional 100 specialty or support staff.

- 0.5 FTE, Workers' Compensation Adjudicator 4 (self-insurance claims trainer), temporary, for the period of April 1, 2025 through December 31, 2025. Duties include: updating training manuals and creating training materials for the external self-insurance community so they can understand and correctly apply the new laws. This position will deliver training to over 200 external and 60 internal claim staff, auditors, and specialty staff.

Information Technology

Contracted resources for project management, business systems analysis, and development will be required to modify the Medical Information Payment System (MIPS). MIPS will require substantial changes to the core bill processing logic. This effort will require modification to the network status interface to accommodate the new network provider logic by adding an additional provider type. Quality Assurance (QA) is also required for this effort.

The information technology work would not begin until July 2025. A total of \$599,783 is needed in fiscal year 2026 for all information technology changes. This includes:

- Contractor costs – \$556,400 is needed for 3,960 contractor hours
- QA – \$43,383

The expenditure calculations in this fiscal note includes changes to the hourly rates for contract technology based on an annual analysis completed by L&I. These changes include rates based on expert skill level and an inflationary factor in all categories.

Printing & Mailing

\$95,800 for printing and mailing will be required in fiscal year 2025. This includes:

- Updating the Report of Accident – \$50,000
- Mailing costs for the revised Report of Accident – \$15,000
- Updating the State Fund Workers' Guide – \$12,700
- Updating the Spanish Workers' Guide – \$2,600
- Updating the Self Insurance Workers' Guide – \$12,700
- Updating the Spanish Self Insurance Workers' Guide – \$2,800

Rule Making

\$2,500 is needed for one rule making hearing to occur during fiscal year 2025. The average cost of one rule making hearing is \$2,500.

Indirect Costs

The amount included in this fiscal note for indirect is:

Fund Name	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
608 Accident	0	7,400	6,800	0	0	0
609 Medical Aid	0	8,200	7,600	0	0	0
Total:	\$0	\$15,600	\$14,400	\$0	\$0	\$0

The department assesses an indirect rate to cover agency-wide administrative costs. Labor and Industries indirect rate is applied on salaries, benefits, and standard costs. For fiscal note purposes the total indirect amount is converted into salary and benefits for partial or full indirect FTEs. Salary and benefits costs are based on a Fiscal Analyst 5 (Range 59, Step G).

Part IV: Capital Budget Impact

None.

Part V: New Rule Making Required

This legislation would result in rule changes to:

- WAC 296-20-01002, Definitions
- WAC 296-20-01010, Scope of health care provider network
- WAC 296-20-06101, What reports are health care providers required to submit to the insurer?